

UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20530

SUPPLEMENTAL STATEMENT

*Pursuant to Section 2 of the Foreign Agents
Registration Act of 1938, as Amended*

For Six Month Period Ending JUL 29 1975
(Insert date)

Name of Registrant Donald N. Martin Registration No. 1381
d/b/a Donald N. Martin and Company
Business Address of Registrant 630 Fifth Avenue
New York, N. Y. 10020

I - REGISTRANT

1. Has there been a change in the information previously furnished in connection with the following:

(a) If an individual:

(1) Residence address	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(2) Citizenship	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(3) Occupation	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

(b) If an organization:

(1) Name	Yes <input type="checkbox"/>	No <input type="checkbox"/>
(2) Ownership or control	Yes <input type="checkbox"/>	No <input type="checkbox"/>
(3) Branch offices	Yes <input type="checkbox"/>	No <input type="checkbox"/>

2. Explain fully all changes, if any, indicated in Item 1.

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, and 5.

3. Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes ☐ No ☐

If yes, furnish the following information:

Name

Position

Date Connection
Ended

4. Have any persons become partners, officers, directors or similar officials during this 6 month reporting period?
Yes ☐ No ☐

If yes, furnish the following information:

<i>Name</i>	<i>Residence Address</i>	<i>Citizenship</i>	<i>Position</i>	<i>Date Assumed</i>
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5. Has any person named in Item 4 rendered services directly in furtherance of the interests of any foreign principal? Yes ☐ No ☐

If yes, identify each such person and describe his services.

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6. Have any employees or individuals other than officials, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period?
Yes ☐ No ☒

If yes, furnish the following information:

<i>Name</i>	<i>Position or connection</i>	<i>Date terminated</i>
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7. During this 6 month reporting period, have any persons been hired as employees or in any other capacity by the registrant who rendered services to the registrant directly in furtherance of the interests of any foreign principal in other than a clerical or secretarial, or in a related or similar capacity?
Yes ☐ No ☒

If yes, furnish the following information:

<i>Name</i>	<i>Residence Address</i>	<i>Position or connection</i>	<i>Date connection began</i>
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II - FOREIGN PRINCIPAL

8. Has your connection with any foreign principal ended during this 6 month reporting period?

Yes ☐ No ☒

If yes, furnish the following information:

Name of foreign principal

Date of Termination

9. Have you acquired any new foreign principal¹ during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish following information:

Name and address of foreign principal

Date acquired

10. In addition to those named in Items 8 and 9, if any, list the foreign principals¹ whom you continued to represent during the 6 month reporting period.

European Travel Commission

Belgian National Tourist Office (Belgium's Bonus Days Promotion)

III - ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 8, 9 and 10 of this statement? Yes ☒ No ☐

If yes, identify each such foreign principal and describe in full detail your activities and services:

For European Travel Commission, arranged taping of promotional radio spots for broadcast on stations in metropolitan areas of New York City, Los Angeles, Chicago, Washington, San Francisco, Detroit, Philadelphia, Boston and Miami; produced an advertising magazine supplement, "Your Invitation to Europe 1975" for insertion in The New York Times on April 6; and produced and placed advertising in the consumer press in major markets and in the travel trade press.

For Belgian National Tourist Office's Bonus Days Promotion, produced consumer brochure "Europe Begins in Belgium with a Bonus" and advertising for consumer and trade press.

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity² as defined below?

Yes ☐ No ☒

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

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13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals?

Yes ☐ No ☐ See below

If yes, describe fully.

(if applicable)

Testified before House Ways & Means Committee, U.S. House of Representatives,
July 16, 1975 (copy of statement attached).

² The term "political activities" means the dissemination of political propaganda and any other activity which the per-

IV - FINANCIAL INFORMATION

14. (a) RECEIPTS - MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise?

Yes ☒ No ☐

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.³

<i>Date</i>	<i>From Whom</i>	<i>Purpose</i>	<i>Amount</i>
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(See item 14(a) attached)

Total	\$649,095.27
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14. (b) RECEIPTS - THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value⁴ other than money from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal?

Yes ☐ No ☒

If yes, furnish the following information:

<i>Name of foreign principal</i>	<i>Date Received</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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15. (a) DISBURSEMENTS - MONIES

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement? Yes ☒ No ☐

(2) transmitted monies to any such foreign principal? Yes ☐ No ☒

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

<i>Date</i>	<i>To Whom</i>	<i>Purpose</i>	<i>Amount</i>
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(See item 15.(a) attached)

Total \$507,003.67

15. (b) DISBURSEMENTS - THINGS OF VALUE

During this 6 month reporting period, have you disposed of anything of value⁵ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in items 8, 9 and 10 of this statement?

Yes ☐ No ☒

If yes, furnish the following information:

<i>Date disposed</i>	<i>Name of person to whom given</i>	<i>On behalf of what foreign principal</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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(c) DISBURSEMENTS - POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value⁵ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office? Yes ☐ No ☒

If yes, furnish the following information:

<i>Date</i>	<i>Amount or thing of value</i>	<i>Name of political organization</i>	<i>Name of candidate</i>
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V - POLITICAL PROPAGANDA

(Section 1(j) of the Act defines "political propaganda" as including any oral, visual, graphic, written, pictorial, or other communication or expression by any person (1) which is reasonably adapted to, or which the person disseminating the same believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions, or (2) which advocates, advises, instigates, or promotes any racial, social, political, or religious disorder, civil riot, or other conflict involving the use of force or violence in any other American republic or the overthrow of any government or political subdivision of any other American republic by any means involving the use of force or violence.)

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any political propaganda as defined above? Yes ☐ No ☒

IF YES, RESPOND TO THE REMAINING ITEMS IN THIS SECTION V.

17. Identify each such foreign principal.

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating political propaganda?

Yes ☐ No ☐

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of political propaganda include the use of any of the following:

☐ Radio or TV broadcasts ☐ Magazine or newspaper articles ☐ Motion picture films ☐ Letters or telegrams
☐ Advertising campaigns ☐ Press releases ☐ Pamphlets or other publications ☐ Lectures or speeches
☐ Other (specify) _____

20. During this 6 month reporting period, did you disseminate or cause to be disseminated political propaganda among any of the following groups:

☐ Public Officials ☐ Newspapers ☐ Libraries
☐ Legislators ☐ Editors ☐ Educational institutions
☐ Government agencies ☐ Civic groups or associations ☐ Nationality groups
☐ Other (specify) _____

21. What language was used in this political propaganda:

☐ English ☐ Other (specify) _____

22. Did you file with the Registration Section, Department of Justice, two copies of each item of political propaganda material disseminated or caused to be disseminated during this 6 month reporting period?

Yes ☐ No ☐

23. Did you label each item of such political propaganda material with the statement required by Section 4(b) of the Act? Yes ☐ No ☐

24. Did you file with the Registration Section, Department of Justice, a Dissemination Report for each item of such political propaganda material as required by Rule 401 under the Act?

Yes ☐ No ☐

VI - EXHIBITS AND ATTACHMENTS

25. EXHIBITS A AND B

- (a) Have you filed for each of the newly acquired foreign principals in Item 9 the following:

Exhibit A⁶ Yes ☐ No ☐

Exhibit B⁷ Yes ☐ No ☐ Not applicable

If no, please attach the required exhibit.

- (b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period?

Yes ☐ No ☒

If yes, have you filed an amendment to these exhibits? Yes ☐ No ☐

If no, please attach the required amendment.

⁶ The Exhibit A, which is filed on Form DJ-306, sets forth the information required to be disclosed concerning each foreign principal.

26. EXHIBIT C

If you have previously filed an Exhibit C⁸, state whether any changes therein have occurred during this 6 month reporting period.

Yes ☐ No ☒

If yes, have you filed an amendment to the Exhibit C? Yes ☐ No ☐

If no, please attach the required amendment.

27. SHORT FORM REGISTRATION STATEMENT

Have short form registration statements been filed by all of the persons named in Items 5 and 7 of the supplemental statement?

Yes ☐ No ☐ Not applicable

If no, list names of persons who have not filed the required statement.

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this registration statement and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in attached Short Form Registration Statement, if any, insofar as such information is not within his (their) personal knowledge.

(Type or print name under each signature)

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

Donald H. Martin

Subscribed and sworn to before me at 630 Fifth Avenue, New York, N.Y.
this 2 day of May, 19 76

Marie Fernandez

(Signature of notary or other official)

MARIE FERNANDEZ

Notary Public, State of New York

No. 31-4516272

Qualified in New York County

Commission Expires March 30, 1978-1978

My commission expires March 30, 19 78

14. (a) RECEIPTS - MONIES

<u>Date</u>	<u>From Whom</u>	<u>Purpose</u>	<u>Amount</u>
Various	European Travel Commission	Radio promotion	\$ 35,000.00
2/21	European Travel Commission	Research	3,187.84
2/21	European Travel Commission	Meetings and conventions	4,961.74
3/10	European Travel Commission	Industry relations, 1974	10,125.30
Various	European Travel Commission	Spring advertising	210,000.00
Various	European Travel Commission	Office space, secretarial service, etc.	6,000.00
3/25	European Travel Commission	Research	2,500.00
5/16	European Travel Commission	Presentation to travel agents at ASTA convention, Montreal, 1974	17,856.75
5/26	European Travel Commission	Public relations, 1974	10,000.00
6/26	European Travel Commission	Industry relations	618.98
Various	Participating advertisers in ETC-sponsored newspaper supplement	Advertising space in supplement	<u>149,518.80</u>
			\$449,769.41
2/21	Belgian Natl. Tourist Office	Publicity	1,665.55
2/21	Belgian Natl. Tourist Office	Meeting expenses	712.80
Various	Belgian Natl. Tourist Office	Sales promotion	30,673.12
Various	Belgian Natl. Tourist Office	Advertising space	154,793.80
7/7	Belgian Natl. Tourist Office	Advertising production	<u>11,480.59</u>
			<u>\$199,325.86</u>
		Total	\$649,095.27

15. (a) DISBURSEMENTS - MONIES

European Travel Commission

<u>Date</u>	<u>To Whom</u>	<u>Purpose</u>	<u>Amount</u>
Various	Stephen Associates, NYC	Radio promotion	\$ 54,893.03
2/21	Globe Travel Service	Transportation NY/Amsterdam/NY	615.00
Various	Public Relations Aids	Public Relations	1,812.92
2/24	Chas. Mark Reproductions	Printing	444.96
Various	Omeluk Studio, NYC	Art work, printing, etc.	22,694.20
2/24	Herdan Service, NYC	Printing & mailing	273.40
Various	Master Eagle Photo-engraving, NYC	Printing	2,007.50
Various	E. Berrol, NYC	Consultation service, research	3,500.00
Various	Providence Gravure, Providence, R.I.	Printing of newspaper supplement	72,896.66
Various	Blairmail Marketing, NYC	Fulfillment of coupon requests	7,657.19
Various	Craftsman Color Lithographers, NYC	Printing	1,242.94
5/9	AAA American Flag, NYC	Flags and stands	970.50
Various	Manpower, Inc.	Temporary office help	1,002.75
Various	New York Times	Advertising space and carrying charge for newspaper supplement	79,278.61
Various	Detroit News	Advertising space	6,569.38
Various	Washington Post	Advertising space	8,802.97
Various	Los Angeles Times	Advertising space	17,992.80
Various	Boston Globe	Advertising space	9,596.16
Various	Chicago Tribune	Advertising space	14,212.98
Various	Atlanta Newspapers	Advertising space	4,153.98
Various	Cleveland Plain Dealer	Advertising space	4,057.56
Various	San Francisco Newspaper Printing Co.	Advertising space	14,859.76
Various	Philadelphia Newspapers	Advertising space	8,094.72
Various	Minneapolis Star Tribune	Advertising space	5,229.72
5/13	Miami Herald	Advertising space	4,990.75
Various	Ziff-Davis Publishing	Advertising space	2,965.98
Various	Travel Trade	Advertising space	3,522.23
5/13	Travel Agent Magazine	Advertising space	578.94
			<u>\$354,917.59</u>

Belgian National Tourist Office

(carried forward)

<u>Date</u>	<u>To Whom</u>	<u>Purpose</u>	<u>Amount</u>
Various	Craftsman Color	Printing	994.12
Various	Master Eagle Photoeng.	Printing	873.90
5/19	Lithomasters, Inc.	Reprints of advertisement	1,575.00
Various	Omeluk Studio	Art work, printing, etc.	33,894.26
Various	New York Times	Advertising space	23,895.92
Various	Boston Globe	Advertising space	8,066.96
Various	Philadelphia Newspapers	Advertising space	3,654.66
Various	Chicago Tribune	Advertising space	10,455.82
Various	Toronto Globe & Mail	Advertising space	7,775.46
Various	Cleveland Plain Dealer	Advertising space	6,681.49
Various	Probec 5, Montreal	Advertising space	2,274.07
Various	Montreal Star	Advertising space	<u>2,738.91</u>
			<u>102,880.57</u>
			(carried forward)

15. (a) DISBURSEMENTS - MONIES (continued)

(brought forward) \$354,917.59

Belgian National Tourist Office

<u>Date</u>	<u>To Whom</u>	<u>Purpose</u>	<u>Amount</u>
		(brought forward)	\$102,880.57
Various	Washington Post	Advertising space	8,195.41
6/6	Newsweek	Advertising space	6,176.86
Various	Time Inc.	Advertising space	14,240.56
7/8	The New Yorker	Advertising space	1,757.00
Various	ASTA Travel News	Advertising space	1,736.80
Various	Ziff-Davis	Advertising space	4,467.81
Various	Travel Trade	Advertising space	3,529.99
Various	Travel Agent Magazine	Advertising space	6,177.24
Various	Canadian Travel Press	Advertising space	966.28
Various	Maclean-Hunter Ltd. (Canada)	Advertising space	971.28
Various	Southam Business Publica- tions (Canada)	Advertising space	<u>986.28</u>
			<u>\$152,086.08</u>
		Total	\$507,003.67

Item 13

STATEMENT OF
DONALD N. MARTIN
DONALD N. MARTIN AND COMPANY
BEFORE THE
WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES
JULY 16, 1975

RECEIVED
U.S. DEPARTMENT OF JUSTICE
JUL 16 4 29 PM '75
RECORDS SECTION
COMMUNICATIONS SECTION

Mr. Chairman, distinguished members of the Committee:

My name is Donald N. Martin. I appear before the Committee on behalf of my firm, Donald N. Martin and Company of New York City, which specializes in tourism development, domestic and international. Since 1960 my firm has served as consultants to the European Travel Commission, comprised of the national tourist organizations of 23 Western European countries -- Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Great Britain, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Monaco, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and Yugoslavia.

I have served as a member of Working Party II of President Johnson's Industry-Government Special Task Force on Travel and Task Force No. 5 of the National Tourism Resources Review Commission. Our firm also prepared one of the studies for the Outdoor Recreation Resources Review Commission which was part of a full report which led to the creation of the Bureau of Outdoor Recreation in the United States Department of the Interior.

We have organized two-way trans-Atlantic tourism development congresses bringing together the national tourist boards of the United States, Canada, Mexico and the Western European countries, as well as the commercial interests concerned, e.g., carriers, hotels, tour operators, travel agents, etc.

We have developed and organized projects to promote foreign tourism to the United States, including the Pow Wow and Travel Mart, sponsored jointly by the United States Travel Service of the U.S. Commerce Department and Discover America Travel Organizations, Inc. The Bicentennial Travel Mart, sponsored by the State of Pennsylvania, which we organized this year was aimed primarily at developing domestic tourism.

Let me say at the outset that I fully appreciate this Committee's concern with any possible abuse of our Nation's tax laws. No responsible person condones tax free "junkets." But we should not jump to the conclusion that participants at conventions, seminars, workshops and other meetings are off on joy rides. The fact is that the overwhelming number of meetings are serious in purpose.

I believe that due consideration must be given the overall effects of new legislation. Is it really needed or will it only hurt our friends abroad and be counter-productive to our own national interests? In a time of economic adversity it is important not to further disrupt those enterprises in the travel, transportation, aircraft manufacture and other related fields which provide thousands upon thousands of jobs for American workers. In the effort to protect against abuses we must guard against the possibility of throwing out the baby with the bath water.

Congress has wisely enacted legislation this year raising the ceiling on appropriations to promote travel to our country to \$25 million for fiscal 1977. How will the proposals under consideration affect tourism to the U.S., a significant share of which depends on attracting international meetings and foreign attendance at U.S. domestic meetings? An important factor in promoting such business is through invitations issued by members of U.S. counterpart organizations attending meetings abroad. At the same time when U.S. organizations meet abroad they attract foreign nationals who can be induced to attend subsequent meetings in our country.

The meetings business, as is true of the total tourist business, is a two-way street. Some 400,000 foreigners now spend an estimated \$100 million annually attending meetings in the U.S. (with conventional multipliers this can mean an economic benefit of up to \$415 million per year on the statistical basis of 1972 dollars). What kind of reaction can be expected from countries generating this traffic if we make it too

onerous for Americans to join their counterparts in meetings outside our country?

And what about the workability and discriminatory aspects of the proposals? That a meeting should be directly related to the taxpayer's business or profession in order to entitle him to a tax deduction is eminently reasonable. But to introduce a geographic consideration of where it is "more reasonable" for such a meeting to be held is discriminatory. Furthermore, how could such criteria be administered fairly and evenly throughout the country? Who's to judge what is "more reasonable"? How many different tax agents will come up with how many different answers? The results might well be an epidemic of confusion and litigation.

Last year the Committee's tentative policy decision on this matter went even further. Deductions would have been allowed for North America (which was defined to include the Caribbean) but would have been disallowed for the rest of the world. Should an American professional or businessman be entitled to deductions when attending a meeting in the Caribbean, Mexico or Canada and be denied deductions for attending the same meeting in Ireland, Italy or Holland? Such an arbitrary provision would discriminate in relation to both the American taxpayer and to friendly countries which are important trading partners and major generators of travel to the U.S.A.

On the other hand, is it proper to interfere with the free decision-making process of corporations, associations, professional, labor and

religious groups in selecting a meeting site? Is this the camel's nose under the tent? If the concept of "reasonableness" is accepted, is it not possible that the next step could be to apply this standard to domestic meetings as well? Could someday the Government decide that it would be "less reasonable" for an organization based in Atlanta to meet in, say, Los Angeles?

I respectfully suggest that the proposals under consideration are unnecessary, complicated, and would be very difficult to administer. I believe that the existing laws, properly enforced, provide adequate protection against possible abuses and clearly define legitimate deductions for legitimate purposes.

I thank you, Mr. Chairman and members of the Committee for your courtesy in hearing me. I would like to enter the following Addendum for the record, providing further information on the meetings market, and their impact on our economic, social and cultural structure:

The increasing global interdependence of business, scientific, cultural and other activities, has established the role of conventions, seminars, conferences, trade exhibitions and other types of meetings as an indispensable feature on the international scene. They bring together thousands of men and women, expert in various areas of human endeavor, to discuss topics of common interest, to inform themselves of advances in various fields, to inspect new products and discover new market possibilities. Such meetings also foster international

understanding and friendship as participants meet their counterparts from many countries.

The American business, industrial and scientific community, with its enormous interests abroad, plays a prominent role in this. And not surprisingly. We Americans have certain national characteristics that never cease to astonish the world. We love to gather, to form associations, to discuss and to communicate. We are a curious and adventurous people and we love to discover the new. These characteristics were noted by Alexis de Toqueville more than a century ago. Our success as a nation is partly founded on these attributes.

A contemporary observer of international scientific meetings, Dr. E. Bruce Peters of George Washington University, notes that European scientists are well aware that their American colleagues by attending many meetings abroad gain a great deal from them. He quotes from a European colleague:

"You are always on a trip or on the phone. Americans are very mobile and informal...You Americans, therefore, make more rapid advances and strides in science."

Thousands of meetings are held annually. A recent study published by the Office of Research and Analysis of the U.S. Travel Service of the Department of Commerce estimates that during 1973-4 some 8,250 meetings took place. 62.7 per cent took place in Europe. The American Society of Association Executives (ASAE) estimates that more than half of its 1,150 associations have held meetings outside the United States, and that at least 450 member associations are planning meetings abroad during the next five years. These figures establish the fact that the world meeting business is indeed big business. Its range is enormous. The increasing size of business enterprises, the growing complexity and proliferation of most professions and the sheer

need to communicate have all contributed to this comparatively recent form of global human intercourse.

I noted before that the American scientist derives great benefit from the give-and-take interplay of a meeting with his foreign opposites. So does the American businessman. Thus the Ireland United States Council for Commerce and Industry Incorporated which holds a meeting in Ireland every two or three years describes graphically the creative business contacts offered:

While in Ireland, we may consult with Irish officials, examine plant sites, inspect installations, attend business seminars and meet with businessmen involved or interested in trade, travel or investments. In the course of such visits our members have access to officials, facilities and information, in both the public and private sectors, which would be very difficult for them to obtain on an individual basis. Our members also travel individually to Ireland as their business interests may require from time to time.

Behind this dimension of direct communication and creative contacts abroad lie the stark facts of business and its results in figures. According to recent Commerce Department statistics our exports in goods and services to the countries of the European Economic Community were about \$30 billion in 1974 and to the rest of Western Europe about \$9.2 billion. Such figures which are so vital for our balance of payments and indeed for the health of our entire economy are largely achieved by American businessmen, technicians and scientists who are in direct contact with market opportunities abroad and gain insight into the needs and requirements of their foreign colleagues and opposites who often act as their hosts. In fact, the very physical dimensions and transportation modes of meetings abroad are part of the overall American trade and business picture in its relationship with the world.

Two key elements are hotels and transportation. Both are also part of that contemporary and complex phenomenon of travel and tourism which plays a vital and sensitive role in the economies of so many countries, including our own. As is well known, American hotel chains are now established around the globe. Hilton International, Inter-Continental, ITT-Sheraton, Western-International, Holiday Inn, Hyatt, Loews, Marriott, and Ramada Inn are most prominent and some represent especially heavy concentrations in Europe. With the proliferation of conventions, and their increasing size-- meetings of several thousand persons are no longer unusual--the American hotels have as a matter of economic necessity incorporated in their architectural designs facilities for conventions. This revolution in contemporary hotel design, initiated by Americans, is part of the total picture, linked with other economic factors. Many American hotels overseas have been constructed and equipped with American materials, furnishings and equipment. They are designed to attract international meetings as well as individual tourism.

Three of the most important chains--Hilton International, Inter-Continental, and Western-International--are also linked with U.S. flag carriers, TWA, Pan Am and United respectively. Hilton and Inter-Continental are wholly owned subsidiaries. Thus there is a strong linkage between the key elements of accommodation and transportation since many American participants in meetings travel on such U.S. flag carriers. Were one element in this complex machinery of travel diminished it would affect the financial stance of the whole. Thus Pan Am, a strongly convention-oriented carrier, estimates that a diminution of convention business abroad would affect it severely and might lead to a potential traffic revenue loss of about \$25 million. The impact on Inter-Continental would be as severe. Its more than 65 hotels

abroad - with more scheduled to open this year - derive about \$13 million of their annual revenues from convention business. In 1974 the chain had a net profit of \$5,700,000.

TWA and its Hilton-International subsidiary would be similarly affected. In fact, the loss in hotel revenue might even be more severe should American convention business abroad be curtailed. A substantial number of Americans also fly foreign carriers from the United States to attend meetings where facilities and individual accommodations are located in U.S. hotel chains. Thus there would be an oblique negative impact on American hotel business abroad regardless of the nationality of the transportation employed.

One is tempted to focus on the adverse impact on our scheduled U.S. flag carriers, notably Pan Am and TWA, which are in difficult straits these days. But the impact would also be felt by the U.S. supplemental carriers which are heavily engaged in carrying this type of traffic. At the same time the negative impact on U.S. flag and foreign-flag carriers because of a curtailment of American convention participation abroad eventually would affect a far more important slice of the American economy.

The fact is that the vast majority of today's air travelers, regardless of nationality or flag of carrier used, fly aboard U.S.-built and U.S.-equipped aircraft. The fleets of virtually all carriers in the free world consist of predominantly American aircraft, spare parts, electronic and ground equipment. Wide-bodied

jets such as the 747, L-1011 and DC-10 are especially prominent. This type of aircraft, an expression of today's global travel, was especially designed to accommodate groups and is thus heavily used in transporting convention participants. One 747, for instance, can easily carry 300-400 persons which is an average attendance at a meeting. Foreign carriers, in their reliance on U.S.-built aircraft products, have made large purchases in this country over the years. The Department of Commerce estimates that in 1974 alone U.S. aerospace exports of civilian aircraft engines and spare parts amounted to \$5.6 billion. Another \$3.3 billion was the export value of complete aircraft of all types amounting to a grand total of nearly \$9 billion. The association of European Airlines (AEA), a group of the most important European IATA carriers, estimates that between 1967-1974 these carriers spent \$10.2 billion on U.S. aircraft and equipment in the United States. In 1974 alone these carriers absorbed about 16 per cent of the total value of all exports of the U.S. aerospace industry. In addition, significant amounts were spent on operating expenses in this country. These range from expenses for fuel and lubricants to interest on bank loans. It is estimated these carriers spent \$207 million on fuel and lubricants alone in 1974 in the United States. Interest payments in that year - many aircraft purchases are financed through American banks - amounted to \$106 million. Between 1966-74 a positive contribution of \$6.1 billion to the U.S. balance of payments was thus made. By the early 1970s this European group of

carriers was responsible for about 20 per cent of the work force in the civilian sector of the U.S. aerospace industry. The purchase of U.S. equipment goes on. The AEA group estimates that it may require 2,000 additional aircraft within the next 25 years. Think of how many jobs this represents for American workers!

All this presupposes a projection of an upward curve in international air travel and tourism at large. It is no secret that since 1973 world travel, especially American travel to Europe, has experienced a sharp decline. This negative development, partly due to our economic recession, partly due to the effects of the oil embargo, has not only affected key elements of hotels and transportation, but has sent ripples through various related segments of the U.S. travel industry. Everyone from travel agents to caterers, from electronic manufacturers to advertising agencies has felt the impact and many Americans have become unemployed. Thus a deliberate policy inhibiting an important element of travel - attendance at meetings abroad - would further acerbate an already unsatisfactory situation.

Less overt, yet just as vital, are the vast electronic reservations and communications systems, many entirely automated, which back the operations of the air carriers. The systems of the large carriers such as Pan Am, TWA, British Airways, Air France and Lufthansa cover large segments of the globe. The equipment, computers, switching stations, software, etc. is largely American-made or produced by subsidiaries of American companies abroad. It might be

noted that such equipment is also used by American credit card companies as well as the reservation operations of American hotel chains abroad. Large car rental companies such as Hertz and Avis with their extensive foreign operations also depend on it.

The concept of liberal trade presupposes a free flow of goods and services. Unilateral action by one state or party usually results in various effects. In the situation at hand a diminution of American convention travel abroad would impact on various segments of the travel and transportation industry as well as those industries connected with it. It would also have a severe impact upon the economies of some countries, linked in many ways with the United States politically and economically, where tourism plays a vital role in the GNP. Such countries include the United Kingdom, Ireland, Spain, Portugal, Greece, Italy and Austria among others. As a result many of these countries, depending to an important extent upon expenditures by U.S. travelers (including those attending meetings), for dollar exchange to purchase American goods and services may find their ability to do so severely impaired.

In many of the countries heavily dependent upon foreign tourism important tax advantages accrue to private interests engaged in the construction of new hotels and many of these new hotels include convention facilities. Moreover, governments --local and Federal-- often supply funds for the construction of convention centers. As a matter of fact, the construction of convention centers in important cities abroad has become a virtual race. Recently new centers have

sprung up or are under construction in London, Paris, Vienna, Rotterdam, Munich, Hamburg, Innsbruck and Lausanne, just to name a few. Such building programs are undertaken in Europe and elsewhere with an eye on the American participant. His absence would be severely felt and a reaction in kind could almost certainly be predicted. For the international convention market flows in both directions. For instance, according to the United States Travel Service, during 1973-4 foreign attendance at purely domestic U.S. meetings and international meetings held in the United States may have averaged 390,000 persons annually. These foreign participants spent an annual average of more than \$100 million excluding international air transportation and discretionary spending. With conventional multipliers this results in a total economic benefit of somewhere between \$310 and \$415 million per year on the statistical basis of 1972 dollars. Now this is a significant credit on the positive side of the international ledger for the U.S. market. It is also a clearly defined target for possible foreign reaction. It is certainly conceivable hurdles could be placed by some countries to discourage participation by their citizens in meetings held in the U.S.

Finally, there are considerations that go beyond the material aspects of dollars and cents. Thus in 1961 when the Congress passed the International Trade Act it stated that its basic purpose was

- a) to encourage foreign residents to visit the United States and
- b) to facilitate international travel generally.

Last year the United States, which is a full member of OECD, subscribed to a recommendation calling upon member governments "to avoid any measures which may discourage international travel".

President Ford expressed similar sentiments recently on February 24 in a letter to ASAE president R. William Taylor:

"I am aware that the American Society of Association Executives has been working with our State Department to build a better educational and cultural bridge through associations to the rest of the world. With this in mind, on the occasion of your next annual meeting in Europe, I wish to urge your members to encourage associations of other nations to bring their groups to the United States during our Bicentennial and in future years.....

The 1975 annual meeting of the American Society of Association Executives can be of great benefit to the United States and the family of nations. The participation of your members holds a promise of significant cooperation and understanding."

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NOTICE

Please answer the following questions and return this sheet in duplicate with your supplemental statement:

(for period ending July 29, 1975)

1. Is your answer to Item 16 of Section V (Political Propaganda - page 7 of Form DJ-302 - Supplemental Statement):

Yes _____ or No XXX

(If your answer to question 1 is "Yes" do not answer question 2 of this form.)

2. Do you disseminate any material in connection with your registration:

Yes XXX or No _____

(If your answer to Question 2 is "Yes" please forward for our review copies of all such material including: films, film catalogs, posters, brochures, press releases, etc. which you have disseminated during the past six months.)

Donald N. Martin
Signature

May 17, 1976
Date

Donald N. Martin
Please type or print name of
signatory on the line above

Owner
Title